

## EXHIBIT A

HAZEN V. METLIFE MP25000042549

10 copies for  
OER  
CSR + distribute

## Office Memorandum

CONFIDENTIAL



Becky Greene

Section P.I. Consulting ServicesDivision NYHO 10-11  
(FV Area)

Section \_\_\_\_\_

Division \_\_\_\_\_  
(FV Area)

Section \_\_\_\_\_

Division \_\_\_\_\_  
(FV Area)

Re: One Payment Plan Using Paid-up Additions Rider

Becky - attached is some information which As Little Mooney suggested I refer to you. Marketing is illustrating a one payment plan using the paid-up additions rider and APP concept.

I believe that there is the potential for misunderstanding on this much as there is on APP alone. In this instance it could surface rather quickly. For example, I have heard the field is advertising no further payments and no billing. It is my understanding that the billing will continue. (Note how the SR completed the application.)

The pending tax legislation is another possible problem area. We send out a letter with the policy (attached) however it would be much better if they signed a form when the app is submitted alerting them to potential tax implications, additional billings, and future premium payments.

Date 11/7/88C.C. Arde Mooney  
JOHN AKERSJohn Arde Mooney, Chief Executive - NCAR/WRP  
Signature Division/Section

(Continue on the Reverse Side if Necessary)

3255 (2-85) Printed in U.S.A.

18000036818 (03-85)

AGE 55	NONE	400	3,302	3,709	22	26,616
19	NONE	427	3,633	4,083	22	26,652
20	NONE	456	3,934	4,476	22	26,795
AGE 60	NONE	487	4,284	4,951	22	27,047
21	NONE	555	5,360	6,133	22	27,411
AGE 70	NONE	667	7,116	8,212	22	29,016
AGE 75	NONE	1,073	14,716	32,904	22	32,921
					22	53,353

\*\* THE CASH OUTLAY ILLUSTRATED SHOWS THE RESULTS IF THE CURRENT DIVIDEND SCALE CONTINUES WITHOUT CHANGE. DIVIDENDS ARE NOT GUARANTEED AND MAY INCREASE OR DECREASE IN THE FUTURE. IF THE FUTURE DIVIDENDS DECREASE IT IS POSSIBLE THAT THE CASH VALUE OF ADDITIONAL INSURANCE MAY NOT BE SUFFICIENT IN SOME FUTURE YEARS TO PAY THE FULL CURRENT PREMIUM AND SOME CASH OUTLAY BY THE PREMIUM PAYER MAY BE REQUIRED.

1. GUARANTEED CASH VALUE AND CASH VALUE OF ADDITIONAL INSURANCE.  
2. INCLUDES BASIC INSURANCE, ADDITIONAL INSURANCE, AND ANY RIDER INSURANCE VALUE.  
3. AGE AT LIFE EXPECTANCY - U.S. POPULATION LIFE TABLES.  
VALUES SHOWN APPLY TO THE BASIC POLICY AND PUA RIDER UNLESS OTHERWISE NOTED.

HAZEN V. METLIFE MP92500042550

## METROPOLITAN LIFE INSURANCE COMPANY

DIST 001-0 AGCY 903-1 PENNSYLVANIA 001

PREPARED FOR AK

BY JC

PLAN: LIFE PAID UP AT AGE 75

CLASSIFICATION	AGE	SEX	AMOUNT OF INSURANCE
INSURED: STANDARD NONSMOKER	37	FEMALE	\$25,000

BASIC POLICY	ANNUAL PREMIUM	YEARS PAYABLE
PAID-UP ADDITIONS RIDER	\$375.75	58
TOTAL ANNUAL PREMIUM	\$1,734.00	1
	\$2,111.75	

ACCELERATED PAYMENT PLAN ILLUSTRATION  
ANNUAL DIVIDENDS USED TO BUY PAID-UP ADDITIONAL INSURANCE

END OF POLICY YEAR	CASH OUTLAY START OF YEAR**	ANNUAL DIVIDEND	GUARANTEED CASH VALUE	ILLUSTRATIVE CASH VALUE**	GUARANTEED RIDER DEATH BENEFIT	ILLUSTRATIVE DEATH BENEFIT
1	2,112	NONE	1,704	1,704	7,057	32,057
2	NONE	183	1,373	1,556	5,502	31,962
3	NONE	194	1,244	1,439	4,732	31,211
4	NONE	207	1,272	1,480	4,030	30,536
5	NONE	222	1,334	1,556	3,999	29,940
6	NONE	239	1,380	1,620	2,842	29,428
7	NONE	247	1,471	1,738	2,363	28,926
8	NONE	255	1,581	1,836	1,925	28,466
9	NONE	264	1,700	1,964	1,526	28,033
10	NONE	274	1,825	2,100	1,169	27,687
11	NONE	287	1,957	2,245	855	27,371
12	NONE	300	2,125	2,426	587	27,107
13	NONE	316	2,304	2,620	368	26,896
14	NONE	333	2,522	2,855	199	26,741
15	NONE	353	2,755	3,108	92	26,648
16	NONE	375	3,033	3,408	22	26,616
17	NONE	400	3,308	3,709	22	26,652
AGE 55	NONE	427	3,633	4,088	22	26,795
19	NONE	456	3,934	4,476	22	27,047
20	NONE	487	4,284	4,951	22	27,411
AGE 60	NONE	535	5,360	6,626	22	29,016
AGE 65	NONE	667	7,461	10,542	22	32,921
AGE 75&	NONE	1,073	14,716	32,904	22	53,363

\*\* THE CASH OUTLAY ILLUSTRATED SHOWS THE RESULTS IF THE CURRENT DIVIDEND SCALE CONTINUES WITHOUT CHANGE. DIVIDENDS ARE NOT GUARANTEED AND MAY INCREASE OR DECREASE IN THE FUTURE. IF THE FUTURE DIVIDENDS DECREASE IT IS POSSIBLE THAT THE CASH VALUE OF ADDITIONAL INSURANCE MAY NOT BE SUFFICIENT IN SOME FUTURE YEARS TO PAY THE FULL CURRENT PREMIUM AND SOME CASH OUTLAY BY THE PREMIUM PAYER MAY BE REQUIRED.

100 GUARANTEED CASH VALUE AND CASH VALUE OF ADDITIONAL INSURANCE.  
3 INCLUDES BASIC INSURANCE, ADDITIONAL INSURANCE, AND ANY RIDER INSURANCE VALUE & AGE AT LIFE EXPECTANCY - U.S. POPULATION LIFE TABLES  
VALUES SHOWN APPLY TO THE BASIC POLICY AND PUA RIDER UNLESS OTHERWISE NOTED.

DIVIDENDS BASED ON JAN. 1988 SCALE THAT USES CURRENT INTEREST, MORTALITY AND EXPENSE RATES. ILLUSTRATIVE FIGURES ARE NOT GUARANTEES OR ESTIMATES FOR THE FUTURE.

CONFIDENTIAL

## METROPOLITAN LIFE INSURANCE COMPANY

DIST 001-0 AGCY 803-1

PENNSYLVANIA

001

PLAN: PAID-UP ADDITIONS RIDER

INSURED: CLASSIFICATION AGE SEX AMOUNT OF INSURANCE  
 STANDARD NONSMOKER 37 FEMALE \$25,000

END OF POLICY YEAR	PAYMENT/ WITHDRAWAL	GUARANTEED CASH VALUE	ANNUAL DIVIDEND	AD FROM DIVIDEND	CASH VALUE	DEATH BENEFIT
1	1,734	1,704	NONE	NONE	1,704	7.0
2	-376	1,328	66	528	1,439	6.0
3	-193	1,219	61	470	1,281	5.2
4	-182	1,072	56	411	1,129	4.4
5	-169	934	50	352	984	3.7
6	-154	805	44	293	850	3.1
7	-136	691	38	242	729	2.6
8	-129	581	32	196	619	2.1
9	-121	475	26	153	501	1.6
10	-112	375	21	116	396	1.2
11	-101	282	16	85	299	.9
12	-89	200	11	58	211	.6
13	-75	129	7	36	136	.4
14	-60	72	4	19	76	.2
15	-43	30	1	8	32	
16	-23	8	NONE	2	8	
17	NONE	8	NONE	2	9	
18	NONE	8	NONE	2	9	
19	NONE	9	NONE	2	9	
20	NONE	9	NONE	2	10	
AGE 60	NONE	10	NONE	2	10	
AGE 65	NONE	11	NONE	1	12	

+ GUARANTEED RIDER CASH VALUE AND CASH VALUE OF ADDITIONAL INSURANCE FROM  
 RIDER DIVIDENDS.  
 D INCLUDES RIDER INSURANCE VALUE AND ADDITIONAL INSURANCE FROM RIDER DIVIDENDS.

DIVIDENDS BASED ON JAN. 1988 SCALE THAT USES CURRENT INTEREST, MORTALITY AND  
 EXPENSE RATES. ILLUSTRATIVE FIGURES ARE NOT GUARANTEES OR ESTIMATES FOR THE  
 FUTURE.

VALUES SHOWN APPLY TO THE PAID-UP ADDITIONS RIDER ONLY.

NOT COMPLETE WITHOUT BASIC POLICY ILLUSTRATION.

CONFIDENTIAL

HAZEN V. METLIFE MP925000042551

## EXHIBIT B

BP4011003103

MCLOUGHLIN/PANZINO, BARNEWOLD

APR 11 1994

*Place in will  
and distribution  
it is more likely  
to be made  
to*

To: Frank Lynch  
Senior Vice-President  
PI Customer Services  
NYHO, Area - 5H

From: Thomas M. La Badia  
Vice-President  
PI Customer Services  
Bridgewater, Area - 2E

Re: Request From Mr. Tweedie Concerning UL Customers  
With Target Premiums Inadequate To Carry Policies

As mentioned in my March 30th memorandum, we have assembled Natural Work Teams to devise a short term strategy on contacting customers whose premium payment assumptions have been disturbed by income premium activity. We included representatives of various Systems, Business and Marketing units on the teams. Both Traditional and UL products having similar problems were addressed separately.

Attached for your information are preliminary proposals for both the traditional and UL problem areas.

Attachment 1: UL Policy Projection Proposal - prepared by Bob Templin, PICS, Scranton.

Summary - Development and Testing of System can be accomplished in about 2 months. Actual processing and completion of notification would add on additional several months.

This would include obtaining all Actuarial, Legal, Communication and Corporate approvals. Cost estimates would be provided during the development phase and used to determine most effective process.

Attachment 2: Accelerated Payment Plan - Options - prepared by Willie Taylor, PI Product Planning, Bridgewater.

Summary - APP proposal targeted to those policyholders whose "Vanishing Premium" would actually reappear without warning due

M059700620582

Notice: Production and Use Subject to Case Management and Protective Order in MDL No. 1091, United States District Ct.

MP401003106

MCLOUGHLIN/PANZINO/ BARNEWOLD

to dividend scale reductions. This is an alternative to the major long term strategy addressing all variations of APP which is presently circulating. This proposal focuses only on those policyholders (approximately 25,000) on which the APP arrangement is no longer supportable under present dividend scales.

A preliminary estimate indicates that this proposal could also be implemented during 1994 assuming all approvals and changes to agendas can be obtained quickly. (These are some of the same units presently working on the legal restitution and restoration efforts.)

Based upon the sensitive nature of these efforts and our desire to fully disclose this information to our policyholders, we will continue our analysis and preparation of detailed specifications until we hear otherwise from you. We would also appreciate your comments and suggestions on either of the two proposals.

*Tom La Badia*  
Thomas M. La Badia

April 11, 1994  
Attachments

cc Tweedie, Miller, Doby, Kelly, Stadler, Roanney, Loquasto, Ruggieri, Barnewold

M059700620583

## EXHIBIT C



CONFIDENTIAL

Anthony Amodeo  
Vice-President & Actuary

Re: Inforce Universal Life and Single Premium

The attached letter from Dave Martin reinforces some other concerns that have been expressed in these areas. I would like to take this opportunity to set forth some of my own views, and to identify the actions that we ought to be undertaking.

Universal Life. The basic concern is that the combination of COI increases and credited rate reductions have made the UL an "unattractive" product, relative to our other products and products sold by our competitors. It may be that this has not yet produced a noticeable increase in surrender, strip funding and/or internal replacement, but if our OIC's are predicting a problem, we ought to try to get on top of it.

Currently, a producer who feels that an inforce UL is no longer serving his or her clients' interests can suggest a Section 1035 exchange to a Traditional product (Whole Life or Life at 98) with a PUAR. In such cases, we will restrict commissions. There may be increased pressure for us to waive the PUAR load, although probably not the implicit loads in the base Whole Life and Life at 98.

The more subtle concern is that, even if this business remains "stable," the policyholders are still only paying their target premiums as originally illustrated. We ought to recognize that these premiums are now inadequate to fully fund the policies, and we should consider whether we have a more affirmative obligation to notify the policyholders. Mike Peress brought this out at the recent Product Committee meeting.

If the only concern were about the product's relative "unattractiveness," then I could rationalize a "low key" approach. I.e.,

- (1) Recognize that some UL policies will be internally replaced into Traditional products with PUAR's.
- (2) Since this is likely to result in meaningfully lower mortality charges to insureds who are willing to be underwritten, it is consistent with their interests.

REDACTED CONFIDENTIAL  
POL INFO

HAZEN V. NEELIE MP925000075172

CONFIDENTIAL

Page 2  
Inforce UL and SP

- (3) Assure that existing commission restriction rules are appropriate, and have been implemented as intended.
- (4) Do not waive PUAR loads.

However, the second concern -- the possibility that policyholders have been faithfully paying their target premiums and are not fully aware that these premiums are now inadequate -- is much more significant. This demands some immediate concentrated effort in the financial areas, and is likely to warrant some active marketing efforts as well. Specifically,

- (1) We should review the UL inforce on a policy-by-policy basis to show how much business fits into this category, and how much we would need to increase the premium. (I will be outlining this in greater detail in a subsequent memo.)
- (2) We may find that many of our UL policies will have to be "resold." In other words, if we notify someone that their premium should increase by 50% to maintain permanent coverage, they might simply surrender.
- (3) To facilitate such "reselling," transfer programs and reunderwriting programs may be much more justifiable.

I would hope to involve your people (particularly Andy Rallis) as soon as possible to investigate these issues.

Single Premium. The problems/threats in this area have a lot in common with those affecting UL. However, for several reasons, this is an area where there is greater relative exposure to customer dissatisfaction

- (1) This product has significant "barriers to exit," including a valuable, grandfathered tax status that is not available on new products. These policyholders are less likely to just "walk away."
- (2) The complaints are as much "non-financial" as they are "financial." I.e., that we failed to adequately disclose the possibility or the significance of the mortality charges.
- (3) These products were sold to wealthy people, and there was a relatively high level of broker involvement.

REDACTED CONFIDENTIAL  
POL INFO

HAZEN V. METLIFE MP92500075173

**CONFIDENTIAL**

Page 3  
Inforce UL and SP

Also, we ought to really be sure that COI charges, especially on substandards, will not cause the accumulation fund to disappear before the scheduled maturity of the policy.

Again, this is an area where we could use Andy's assistance.

Thanks,

*Mike*

Michael Levine  
Actuary

November 29, 1993

cc: G. Doby  
D. Martin  
R. Maurer  
M. Peress

/sfg/rev:10.200  
Attachment

HAREN V. NETLIFE MP925000075174

REDACTED CONFIDENTIAL  
POL INFO